

6 months to Congress regarding the sanctionability of certain eligible investments in Iran's energy sector. This is designed to address the problem of billions of dollars in oil and gas investment projects being subject to sanctions—over \$27 billion in eligible oil and gas investments since 1999, according to the Congressional Research Service—but successive administrations refusing to make final determinations required by law, much less impose appropriate sanctions on entities involved in such projects, I might add, have raised some certain issues.

In addition to expanding U.S. sanctions on the Government of Iran, this bill would also provide a simple formula for divestment from firms which invest significant amounts in Iran's energy sector with provisions patterned after the Sudan Accountability and Divestment Act that we all voted for earlier this year.

The rationale for this is straightforward. Many of us believe Americans should be able to divest from energy firms doing business with the Iranian regime whose policies they abhor and which by their presence indirectly help to prop up that regime. They should be given the tools they need to make socially responsible decisions, and investors who choose to divest—States, large pension and mutual funds, and others—should be held harmless for these decisions. Likewise, firms which continue to do business in the energy sector in Iran should recognize the substantial risks involved in this decision and adjust their strategies accordingly.

This bill is as much about enabling investors to manage risk as about having Congress set foreign policy. Make no mistake. Investing in Iran these days is risky business, and investors should be fully informed of those risks going in. This bill does not require divestment, it simply permits it, as with the Sudan legislation—if the investments in Iran's energy sector are substantial and if the divestment process is crafted consistent with the provisions of this bill.

Divestment from Iran is already well underway nationwide, prompted by campaigns patterned after the South African divestment movement and that involving the Sudan. Eight States of our country have already enacted Iran divestment legislation. Other States have enacted broader divestment legislation focused on state sponsors of terrorism. Many more States are considering Iran divestment measures in their State legislatures or have taken steps administratively to allow for such divestment.

Some colleges and universities have begun to divest their holdings, as well, and efforts are underway at many more. Large cities, nonprofit organizations, pension and mutual funds have joined this campaign. It is a campaign that enjoys, I might add, worldwide support, and that could provide significant economic leverage to the diplomatic and political efforts to curtail Iran's apparent nuclear ambitions.

How would it work? First, the amendment authorizes States and localities to divest from companies involved in the energy sector in Iran and sets universal divestment standards. Secondly, the bill allows mutual fund and corporate pension fund managers to cut ties with companies involved in these key sectors and offers limited protection from lawsuits for those choosing to divest or not to invest in the first place, while preserving their normal fiduciary duties. Third, this bill allows State and local governments to divest their public pension funds from businesses invested in Iran's energy sector. Fourth, it establishes a new mechanism for disclosure for firms divesting their holdings in such entities and sunsets, I might add, the divestment mechanism when the President of the United States certifies that Iran has ceased its support for international terrorism and its support of weapons of mass destruction.

Let's be very clear about what this amendment achieves in terms of divestment—and what it does not do. It does not outsource foreign policy to State and local governments or run afoul of the supremacy clause of the Constitution, as some have claimed. Rather, it protects the rights of investors to make socially responsible decisions—to refrain from holding assets that may serve to bolster the Government of Iran. It allows States and other investors to divest in a relatively uniform way, if they so choose, so they may avoid the complications of diverging approaches.

Under this bill, States can act out of concern for the long-term financial and reputational risks posed by an affiliation with certain investments in the nation of Iran. Once identifying these specific risks, States are to inform the companies with a notice detailing such issues—not merely based on a foreign policy concern but on the State's assessment of the economic risks posed by investments in firms involved in certain energy-related business in Iran. It thus outlines a Federal divestment policy—a complicated and yet very clear path consistent with U.S. unilateral and multilateral sanctions already imposed, I might add—and authorizes investors to act consistently with that policy, again, if they so choose.

Finally, and very importantly—unlike other legislation acted upon by Congress—the amendment I am offering provides new incentives for countries to strengthen their export control systems to stop the illegal diversion of sensitive and dual-use technology to countries such as Iran and imposes additional licensing requirements on those who refuse to cooperate.

As we confront the realities of a global marketplace, with manufacturers assembling parts of complex machinery such as aircraft and computers from a supply chain spanning the globe, and as regimes such as Iran, North Korea, and Syria trawl various transshipment hubs for such parts to assemble high-

technology weapons, it makes sense to address this problem head on.

We have developed a way to do this similar to an approach previously proposed in regulatory form by the administration, with an array of carrots and, if necessary, sticks to prod unwilling countries to get serious about developing and implementing tough, comprehensive export control rules and systems. This measure will strengthen antidiversion measures, and it will help countries willing to bolster their systems to do so and impose tighter licensing restrictions on those countries that have a record of spotty enforcement or that are unwilling to improve their systems.

I was pleased we were able to come to an agreement on this comprehensive approach in the Banking Committee. I might point out that similar legislation was adopted under the leadership of Senator MAX BAUCUS and CHUCK GRASSLEY at the Senate Finance Committee, also, I might add, on a bipartisan basis. Much more assertive diplomacy and efforts to bolster our relationship with Iran's people, coupled with tougher financial measures such as these to increase economic pressure to bring the Iranian Government to the table, is the way forward for U.S. policy.

Our European and other allies continue, as I mentioned earlier, to work closely with the United States to increase economic and diplomatic pressure on Iran. I happen to believe this measure complements those diplomatic efforts. It is providing the kind of tools that those who are responsible for the conduct of foreign policy ought to have that will give them the leverage necessary to try and bring Iran back to that negotiating table, back to that political table, that will allow us to diffuse this growing problem, this threat that we all worry about, and bring us to a conclusion that will be satisfactory to us and to Iran, as well, I might point out. The steps contained in this bill are consistent with the strong international consensus that Iran's behavior is unacceptable, and they are in sync with the U.N. sanctions and those additional sanctions imposed by our allies.

Again, I thank my colleagues, particularly Senator SHELBY of the Senate Banking Committee, and the 17 other members of that committee, for the adoption of this comprehensive, bipartisan proposal on Iran sanctions. My hope would be, as I said earlier, that we would have the opportunity to offer this proposal before the conclusion of this session of Congress.

Madam President, I wish to briefly, if I could, turn to another subject matter, and one that has certainly captured the attention of all of us in recent days; that is, of course, these tremendous storms that have been raging through the Caribbean as well as, of course, the devastating damage in Texas in the Galveston area, particularly. The sights and the pictures we